

THE TORONTO STOCK EXCHANGE

29/6/72

FILING STATEMENT NO. 1835
FILED, JUNE 29, 1972.

HOUSTON OILS LIMITED ("Houston") or (the "Company")

Full corporate name of Company

Formed by Certificate of Amalgamation issued by The Registrar of Companies of Alberta dated February 4, 1971, as a result of the amalgamation of Ensign Oils Limited and Houston Oils Limited under Section 140(a) of The Alberta Companies Act.

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 (Ontario) by Letters Patent dated May 1st, 1957).

Reference is made to previous Filing Statement No. 1769,

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	This statement is filed as a result of the proposed private placement of 2,500,000 shares from the Company's treasury for a cash consideration of \$5,050,000 and proposed changes in the officers and directors of the Company. (See Item 3, below).												
2. Head office address and any other office address.	950 Three Calgary Place, 355 - 4th Avenue S.W. Calgary, Alberta T2P 0J1.												
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	See Schedule "A" on page 2.												
4. Share capitalization showing authorized and issued and outstanding capital.	(a) Authorized shares without nominal or par value: 20,000,000 (b) Issued and outstanding: 4,145,000 (c) Subsequent to proposed sale: 6,645,000												
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	<p>Houston is subject to an aggregate amount of \$1,258,713.12 in long term debt in accordance with the following schedule:</p> <p>The following is a summary of the long term debt as of April 30, 1972:</p> <table><tr><td>Bank Loan</td><td>...</td><td>\$378,500.00</td></tr><tr><td>Development Loans on Gas Reserves</td><td></td><td>\$239,042.04</td></tr><tr><td>Prepayments against Future Gas Deliveries</td><td>...</td><td><u>\$641,171.08</u></td></tr><tr><td colspan="2">Total:</td><td>\$1,258,713.12</td></tr></table> <p>Note A: The bank loan is being repaid in monthly instalments and is secured by certain oil and gas properties.</p> <p>Note B: The Development Loan and prepayments on gas reserves is repayable out of future gas deliveries.</p>	Bank Loan	...	\$378,500.00	Development Loans on Gas Reserves		\$239,042.04	Prepayments against Future Gas Deliveries	...	<u>\$641,171.08</u>	Total:		\$1,258,713.12
Bank Loan	...	\$378,500.00											
Development Loans on Gas Reserves		\$239,042.04											
Prepayments against Future Gas Deliveries	...	<u>\$641,171.08</u>											
Total:		\$1,258,713.12											
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	See Schedule "B" on page 3.												

SCHEDULE "A"

Directors

- Albert Edward Whitehead, Calgary, Alberta,
President of Houston, Calgary.
James Arthur Millard, Calgary, Alberta, Partner,
MacKimmie Matthews, Barristers and Solicitors,
Calgary, Alberta.
William Andrew Clarke, Oakville, Ontario,
Vice President and Director of Gairdner, Toronto
Ontario.
- * Charles Franklin Agar, Calgary, Alberta,
Geological Engineer, Gairdner, Calgary, Alberta.
John Arthur Downing, Calgary, Alberta, President
of Polaris Oil Limited, Calgary.
 - * Roger Lauren Ball, Calgary, Alberta, Vice
President of Polaris Oil Limited, Calgary.
 - ** Neil A. McConnell, New York, New York, General
Partner of McConnell, Melhado, a member firm
of the New York Stock Exchange.
 - ** Montague H. Hackett, Jr., New York, New York,
a senior partner of the law firm of Kirlin,
Campbell & Keating.

All of the above persons have held the principal occupations indicated for the last five years or more with the exception of Mr. Agar who, prior to April 1969, was employed as an Engineer with Shell Canada Limited, and Mr. Ball who has been Vice President of Polaris Oil for one year and prior to that was Vice President of Ensign Oils Limited.

Officers

- Albert E. Whitehead, President, Calgary, Alberta
- * John A. Downing, Vice President, Calgary, Alberta.
Darrell R. Long, Vice President, Exploration,
Calgary, Alberta.
Thomas M.M. Bender, Treasurer, Calgary, Alberta
James A. Millard, Secretary, Calgary, Alberta.
 - *** Montague H. Hackett, Jr. Executive Vice President
New York, New York.

Messrs. Millard, Whitehead and Hackett have held their respective offices for the past five (5) years. Mr. Downing has been President of Polaris Oil Limited for the past one year and prior to that was President of Ensign Oils Limited.

Prior to joining Houston in May, 1969, Mr. Long was employed as a geologist with Bow Valley Exploration Ltd. and prior to that was with Whitehall Canadian Oils Ltd. and with Dome Petroleum Ltd.

Prior to joining Houston in May, 1969, Mr. Bender was employed as an accountant with Whitehall Canadian Oils Ltd. and with Hudson's Bay Oil and Gas Co. Limited.

- * Have submitted resignations effective as of date Stock Purchase Agreement is approved by shareholders.
- ** New Directors effective as of date Stock Purchase Agreement is approved by shareholders.
- *** New Officer effective as of date Stock Purchase Agreement is approved.

SCHEDULE "B"

There are no options outstanding or intended to be outstanding with respect to any securities of Houston other than:

- (i) An option on 66,667 shares to Gairdner & Company Limited ("Gairdner") pursuant to the terms of an Underwriting Agreement between Gairdner and Ensign dated August 19, 1968.
- (ii) 300,000 Share Purchase Warrants sold to Gairdner pursuant to the terms of an Underwriting Agreement between Gairdner and Houston dated December 1, 1969, 200,000 of which were distributed to the public subsequent to such Underwriting Agreement.
- (iii) 50,000 shares of Houston have been reserved for issuance under a stock option plan for its key employees. The stock option plan provides that options are to be granted, exercisable at the market price of the shares at the time the option is granted, for a period of 5 years provided the employee remains an employee of Houston. See attached schedule for options granted.
- (iv) A Stock Purchase Agreement dated June 1, 1972, between Houston and Neperan Resources Company ("Neperan") wherein Neperan agreed to purchase 2,000,000 treasury shares for a cash consideration of \$4,000,000 and 500,000 treasury shares for a cash consideration of \$1,050,000.

EMPLOYEE STOCK OPTIONS PRESENTLY IN FORCE

<u>Employee</u>	<u>Optioned Shares</u>	<u>Option Price Per Share</u>
Darrell R. Long 4607 - 88th Avenue N.E. Calgary, Alberta	5,000	\$2.115
Joseph M. Stafinski 20 Varston Place N.W. Calgary, Alberta T3A 0B7	10,000	\$2.115
John W. Mazingo 103 Brae Glen Lane Calgary, Alberta	10,000	\$1.40
Muriel L. Marshall 1611 - 21st St, N.W. Calgary, Alberta T2N 2M3	1,000	\$1.40
P. Wayne Wells #2204, 505 - 6 St S.W. Calgary, Alberta T2P 1X5	5,000	\$2.115
Thomas M. M. Bender 4719 Nordegg Cres N.W. Calgary, Alberta T2K 2M2	2,000	\$2.115
TOTAL:	<u>33,000</u>	

EMPLOYEE STOCK OPTIONS WAITING FOR DIRECTOR AND STOCK EXCHANGE APPROVAL

Robert E. Fleming #108, 3130 - 66 Ave S.W. Calgary, Alberta T3E 5K8	5,000	\$2.28
Pat M. Matsuoka 1918 - 26A St S.W. Calgary, Alberta T3E 2B8	2,000	\$2.28
AGGREGATE TOTAL:	<u>7,000</u>	

7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	<p>In addition to these companies and individuals set out in Item 6 above, the following persons are partners in Neperan.</p> <p>Louis Marx, Jr. 645 Madison Avenue New York, New York 10022</p> <p>Montague H. Hackett, Jr. 550 Park Avenue New York, New York 10021</p> <p>Neil A. McConnell 12 Sutton Square New York, New York 10122.</p>									
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None									
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	The Company's future plans call for an accelerated exploration program and it expects to drill a minimum of 50 exploratory and development tests during the balance of 1972, most of which will be in Western Canada. The funds generated from the proposed sale will enable to Company to expand its exploration activities considerably. The long term bank debt of \$378,500 will be retired.									
10. Brief statement of company's chief development work during past year.	During the last reporting period (8 months) the Company drilled 36 exploratory and two development tests. Since then the Company has increased its gas and oil reserves with additional discoveries.									
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	None									
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	None									
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	<p>Shares held in escrow are as follows:</p> <table><tr><td>Albert E. Whitehead</td><td>...</td><td>165,000</td></tr><tr><td>Louis Marx, Jr.</td><td>...</td><td>110,000</td></tr><tr><td>Dan W. Lufkin</td><td>...</td><td>110,000</td></tr></table> <p>Written consent of Alberta Securities Commission required for release.</p>	Albert E. Whitehead	...	165,000	Louis Marx, Jr.	...	110,000	Dan W. Lufkin	...	110,000
Albert E. Whitehead	...	165,000								
Louis Marx, Jr.	...	110,000								
Dan W. Lufkin	...	110,000								
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	As above.									

FINANCIAL STATEMENTS

HOUSTON OILS LIMITED
And Subsidiary Companies

March 31, 1972

CONSOLIDATED BALANCE SHEET

ASSETS

Cash	\$ 74,522
Accounts receivable	899,408
Investment in common stocks, at cost	51,105
Prepaid expenses	1,498
Notes receivable	25,000
Drilling and exploration deposits	71,966
Investment and advances to subsidiary and affiliate companies unconsolidated	55,687
Property and equipment at cost - less accumulated depreciation and depletion	4,680,753
Other assets, at cost	2,629
	<hr/>
	\$ <u>5,862,568</u>

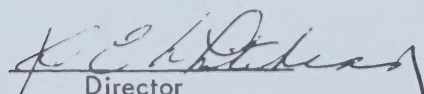
LIABILITIES

Accounts payable and current charges	\$ 510,785
Prepayment of future gas deliveries	589,920
Long term debt	629,542

SHAREHOLDERS EQUITY

Capital stock		
Authorized		
20,000,000 common shares of no par value		
Issued		
4,145,000 shares	\$ 4,734,791	
Deficit	(602,470)	<u>4,132,321</u>
		\$ <u>5,862,568</u>

On behalf of the Board


Director


Director

HOUSTON OILS LIMITED

and subsidiaries

CONSOLIDATED STATEMENT OF INCOME AND DEFICIT*

	Six Months Ended March 31, 1972	
REVENUE		
Oil and gas sales less royalties	\$ 218,151	
Mineral production	40,817	
Drilling ventures	332,986	
Other income	20,445	\$ 612,399
EXPENSES		
Operating	128,571	
Lease rentals	113,137	
General and administration	162,498	
Interest	21,298	425,504
Net cash from operations before undernoted items		186,895
Cost of drilling ventures	115,551	
Unproductive development and property abandoned	16,707	
Depletion	38,624	
Depreciation	18,215	189,097
Operating loss		2,202
Net gain on sale of properties		666,844
Net income for the period		664,642
DEFICIT		
Balance at beginning of period		1,317,113
Balance at end of period		\$ 652,471

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS*

SOURCE OF FUNDS		
From operations	\$ 186,895	
Prepaid gas revenue	206,571	
Sale of properties	666,844	\$1,060,310
APPLICATION OF FUNDS		
Repaid bank loans	197,000	
Reduction of prepaid gas revenue	98,616	
Repaid development loans	51,107	
Advances to subsidiary and affiliate company	81,628	
Property and equipment additions - net	371,410	
Other assets	7,996	807,757
Increase in working capital		\$ 252,553

* The above statements are unaudited and subject to year end adjustments.

15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<p>After giving effect to the proposed private placement of shares with Neperan Resources Company.</p> <table><tr><th>Name</th><th>Address</th><th>Shareholdings</th></tr><tr><td>Neperan Resources Company</td><td>1 Batter Park Plaza, New York, N.Y. 10004 U.S.A.</td><td>2,500,000</td></tr><tr><td>Albert E. Whitehead</td><td>1608 - 96 Avenue S.W. Calgary, Alberta.</td><td>300,400</td></tr><tr><td>Arthur W. Nauss</td><td>Capricorn Tuckers Town Bermuda.</td><td>244,500</td></tr><tr><td>John A. Downing</td><td>925 Royal Avenue S.W. Calgary, Alberta.</td><td>232,768</td></tr><tr><td>Louis Marx, Jr.</td><td>c/o Pan Ocean Oil Corporation 645 Madison Avenue, New York, N.Y. 10022</td><td>144,000</td></tr></table> <p>See Item 13 for escrowed shares of Messrs. Whitehead and Marx; no other shares are pooled or escrowed. The above parties beneficially own the shares set out opposite their respective names, other than Neperan; shares held by that partnership are beneficially owned by the parties described in Item 7.</p>	Name	Address	Shareholdings	Neperan Resources Company	1 Batter Park Plaza, New York, N.Y. 10004 U.S.A.	2,500,000	Albert E. Whitehead	1608 - 96 Avenue S.W. Calgary, Alberta.	300,400	Arthur W. Nauss	Capricorn Tuckers Town Bermuda.	244,500	John A. Downing	925 Royal Avenue S.W. Calgary, Alberta.	232,768	Louis Marx, Jr.	c/o Pan Ocean Oil Corporation 645 Madison Avenue, New York, N.Y. 10022	144,000						
Name	Address	Shareholdings																							
Neperan Resources Company	1 Batter Park Plaza, New York, N.Y. 10004 U.S.A.	2,500,000																							
Albert E. Whitehead	1608 - 96 Avenue S.W. Calgary, Alberta.	300,400																							
Arthur W. Nauss	Capricorn Tuckers Town Bermuda.	244,500																							
John A. Downing	925 Royal Avenue S.W. Calgary, Alberta.	232,768																							
Louis Marx, Jr.	c/o Pan Ocean Oil Corporation 645 Madison Avenue, New York, N.Y. 10022	144,000																							
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	<p>Neperan Resources Company 1 Battery Park Plaza New York, N.Y. 10004 U.S.A.</p> <p>(after giving effect to the proposed private placement of shares).</p>																								
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<p><u>INVESTMENTS IN OTHER COMPANIES</u></p> <table><tr><th>Name</th><th>No. of Shares</th><th>Book Value</th><th>Market Value</th></tr><tr><td>(1) Acroll Oil & Gas Ltd.</td><td>917</td><td>\$ 225.25</td><td>\$ 561.66</td></tr><tr><td>(2) Pan Ocean Oil Corporation</td><td>3,021</td><td>8,875.33</td><td>36,629.63</td></tr><tr><td>(3) Pacific Silver Mines & Oils Ltd.</td><td>50,000</td><td>7,000.00</td><td>3,500.00</td></tr><tr><td>(4) Westridge Resources Ltd. (A Private Company).</td><td>87,500</td><td>35,000.00</td><td>(No market Value)</td></tr><tr><td>(5) Magnorth Petroleum Ltd.</td><td>10,767</td><td>1,076.70</td><td>(No market Value).</td></tr></table>	Name	No. of Shares	Book Value	Market Value	(1) Acroll Oil & Gas Ltd.	917	\$ 225.25	\$ 561.66	(2) Pan Ocean Oil Corporation	3,021	8,875.33	36,629.63	(3) Pacific Silver Mines & Oils Ltd.	50,000	7,000.00	3,500.00	(4) Westridge Resources Ltd. (A Private Company).	87,500	35,000.00	(No market Value)	(5) Magnorth Petroleum Ltd.	10,767	1,076.70	(No market Value).
Name	No. of Shares	Book Value	Market Value																						
(1) Acroll Oil & Gas Ltd.	917	\$ 225.25	\$ 561.66																						
(2) Pan Ocean Oil Corporation	3,021	8,875.33	36,629.63																						
(3) Pacific Silver Mines & Oils Ltd.	50,000	7,000.00	3,500.00																						
(4) Westridge Resources Ltd. (A Private Company).	87,500	35,000.00	(No market Value)																						
(5) Magnorth Petroleum Ltd.	10,767	1,076.70	(No market Value).																						

18. Brief statement of any lawsuits pending or in process against company or its properties.	None
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	None
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	No other material facts. None of the Company's shares are in the course of primary distribution to the public.

DATED June 22, 1972.

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"A. E. Whitehead"

"J. A. Millard"

HOUSTON OILS LIMITED

CORPORATE

SEAL

President

Secretary

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

